



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

December 17, 2001

**S. 1196
Small Business Investment Company Amendments Act of 2001**

As cleared by the Congress on December 11, 2001

S. 1196 would create new civil and criminal penalties for knowingly making false statements to the Small Business Administration (SBA) regarding loan guarantees offered under the Small Business Investment Company (SBIC) and other programs. The act also would increase the maximum annual fee charged by the SBA for loans guaranteed under the SBIC program after October 1, 2001.

CBO estimates that implementing S. 1196 would increase revenues and direct spending by less than \$500,000 a year because the act would establish new civil and criminal penalties. Civil and criminal fines are recorded in the federal budget as governmental receipts (revenues). Criminal fines are then deposited in the Crime Victims Fund and are available to be spent without further appropriation in the following year.

The provisions of S. 1196 related to SBIC fees would modify the terms of any loans guaranteed by the SBA between October 1 and the legislation's enactment date. Under credit reform procedures, if a modification to an outstanding loan guarantee is mandated in legislation, the legislation itself provides the budget authority to pay for the change in the guarantee's subsidy cost. However, based on information from the SBA, CBO expects that the SBA will have issued no loan guarantees under the SBIC program between October 1 and the legislation's enactment date. Therefore, CBO estimates that these provisions would have no effect on direct spending.

The CBO staff contact for this estimate is Ken Johnson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.